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 CENTRAL INTELLIGENCE AGENCY REPORT NO. [REDACTED]
 INFORMATION REPORT CD NO.

COUNTRY China

SUBJECT 1. FU Tso-yi's Plans for Peiping
 2. Chinese Communist Activities in the
 Peiping-Tientsin Area

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Comment. The following information is supplementary to that which has been reported in [REDACTED] concerning FU Tso-yi's projected trip to Nanking and his temporary replacement by TENG Pao-shan.)

1. Upon General TENG Pao-shan's arrival in Peiping, he was met at the airfield by FU Tso-yi, who made a gesture of slapping his own face and then told TENG that he (FU) had muddled the situation, lost most of his own best troops, and gotten bottled up in Peiping. TENG comforted FU, saying that something could still be made of the situation.
2. General TENG's command is in West Shansi, reaching through the Ordos area to the Yellow River, and is independent of FU, YEN Hsi-shan and the two MAs. TENG and FU were formerly under YEN Hsi-shan and are of about equal position; they are friendly to one another. Apparently, FU has awaited TENG's arrival to decide on a course of action.
3. TENG said that a North China settlement without reference to Nanking offers the best chance for a deal favorable to a coalition and the setting up of a system that can be extended. If FU accepts this plan he will not go to Nanking, but will begin negotiations in Peiping secretly.
4. If FU flies to Nanking, TENG probably will not be able to cope with the problem of maintaining order in Peiping. There are already signs of jealousy and non-cooperation on the part of other commanders over the previously proposed appointment of General LI Wen. Dissident elements of Nationalist troops in Peiping are worried over who will first succeed in having peace terms accepted, and who will be left out.
5. Governor MA Hung-kwei of Minghsia is now in Nanking, while Governor Lu Fu-fang is still in Tsinghai. TENG feels that the two MAs can remain temporarily independent and will bargain with either Nanking or whatever government is established in Peiping. YEN Hsi-shan, holding only the city of Taiyuan, is not a factor in North China. HU Tsung-nan is loyal to the Generalissimo but also is no longer a military factor in North China. The situation thus permits FU and TENG to make their own arrangement for North China with the Chinese Communists.

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6. Fairly reliable informants state that Communist General YEH Chien-ying is slated to be mayor of Peiping and is now in the west suburb of Peiping. YEH, a member of the Communist Central Party Bureau, is senior political officer in the Peiping area.
7. General NIEH Jung-chong has headquarters near the Jade Fountain. General LIN Piao is near Tangku with his troops.
8. The Chinese Communist-operated power plant west of Peiping is now supplying limited current to some Peiping residences.

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